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## **Students' Entrepreneurship Behaviour –Comparison of Six CEE Countries**

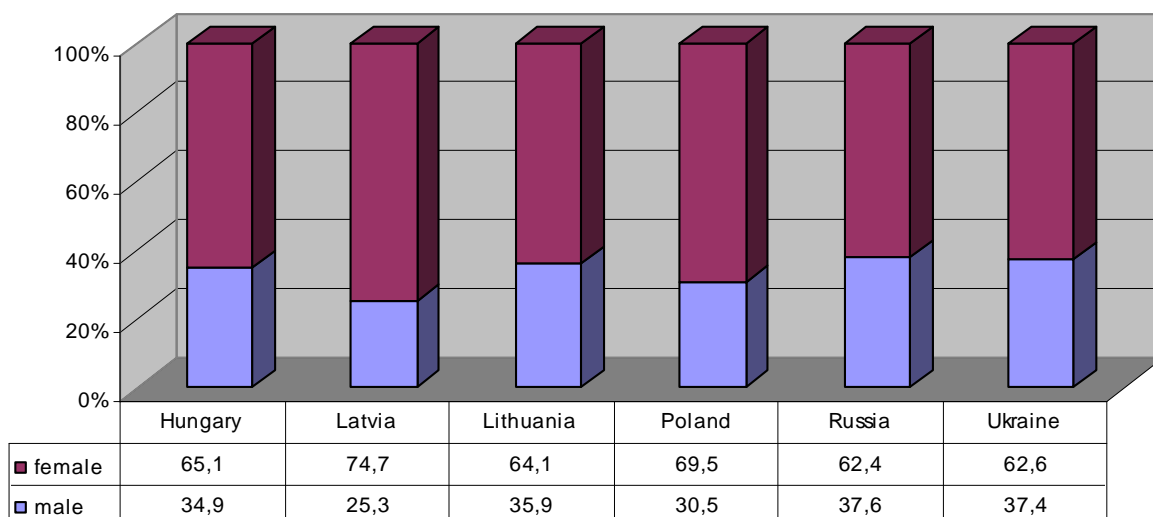
### **1. Introduction**

Global market gives a lot of possibilities for students after they graduate. But students from many countries have got problems which way to choose for earning money for living. One of the way how to become an independent employee is entrepreneurship. In this article, authors want to show how students imagine their future after their studies. The survey was performed in 6 countries in the years 2006-2007. They represent selected nations from the post-socialist block: Hungary, Latvia, Lithuania, Poland, Russia, and Ukraine.

The main objective of the research was to find the entrepreneurial potential of students and to present the assessment of entrepreneurial climate in selected countries. The specific key problem undertaken in the paper is to analyse students' potential in setting up their own business. Especially, a consideration was taken to present an individual assessment of a person's possibilities of becoming an entrepreneur. The paper consists of three parts. Part 1 presents the research population. In Part 2, the results of the survey are presented. The last one contains the survey conclusions.

## 2. Research populations

The population of respondents were obtained from 6 countries. Chart 1 presents gender structure of surveyed students.



Source: own calculation.

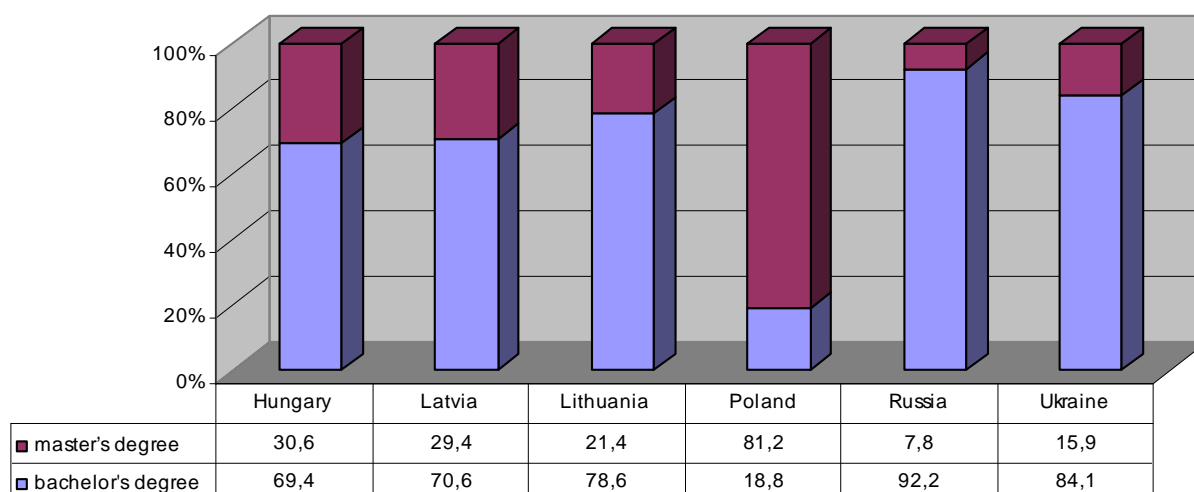
Chart 1. Gender of surveyed students in six selected countries, 2006-2007

In the research, six countries from Central & Eastern Europe participated. As indicated in Chart 1, the biggest part of students in every country is presented by female students. Latvia is the first country where more students are female (74.7%) but the last one is Russia (62.4%). It's a little bit strange because Latvia is much smaller than Russia but there are more young women seeking higher education.

The level of studies (Chart 2) was another criterion of population split. In this part of the research, Poland was excluded from the analysis as the structure of Polish students representing the aforementioned levels differed from structures found in other surveyed states

considerably. Students, who were included in the research sample (in the states involved in the research), attended undergraduate courses leading to a bachelor's degree comprised 64.9% in Hungary, but 92.2% in Russia. Students who attended graduate courses leading to a master's degree constituted from 7.8% to 30.6% of respondents respectively.

Big point is that Russia is the country with the biggest population of students, but there is also the biggest group of bachelor's degree students. Usually, we could assume that because of the geographical territory - this country should have the biggest group of master's degree students. Maybe the Russian political system doesn't sustain master's degree education.

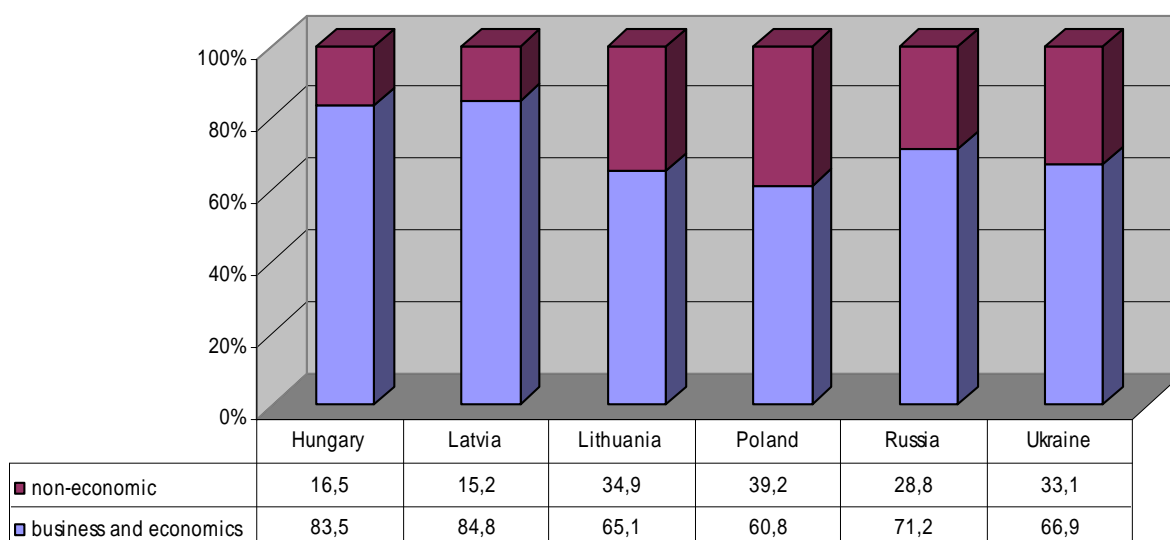


Source: own calculation.

Chart 2. Studies stage among surveyed countries, 2006-2007

After identifying where the biggest group of female and master's degree students is, the next criterion of population and sample split was studies' specialization (major/specialization) (Chart 3). Most of the students choose the speciality of business and economics: from 84.8%

in Latvia to 60.8% in Poland. The biggest group of respondents have chosen fields of study not connected with economics is in Poland (39.2%). We can say that Poland is one of these six countries which have the biggest number of students who are more dynamic in choosing other specialities in studies.



Source: own calculation.

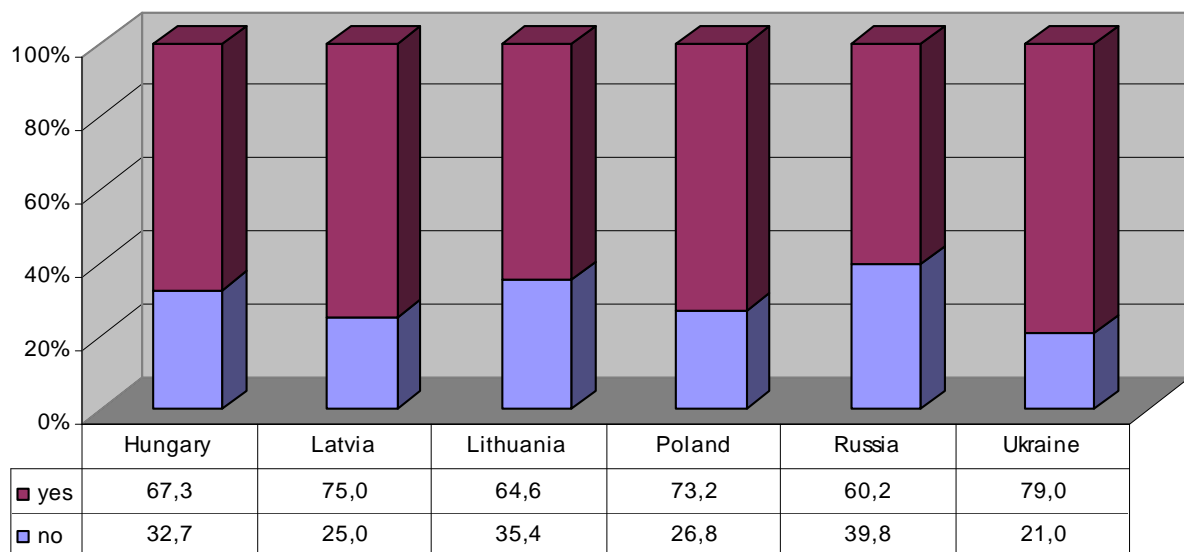
Chart 3. Major speciality in university studies in surveyed countries, 2006-2007

Chart 3 shows us that students are usually female; most of them study bachelor's degree in the speciality of business and economics.

#### 4. Research results

Main research included the questionnaire, which was distributed to the students from selected six CEE countries. In the first question respondents were asked to state if they were involved in any entrepreneurial activity.

In Ukraine, there was the largest percentage of respondents who describe themselves as “enterprising persons” (79%). On the contrary, the Russian students represented nearly 60% of students declaring they were involved in entrepreneurial activity. These results demonstrate that most of the students perceived themselves as persons who have considerable entrepreneurial potential.



Source: own calculation.

Chart 4. Results of the question: “Is your behaviour entrepreneurial?”

Hence, which characteristics should be ascribed to an enterprising person? Respondents could choose from the following ten characteristics:

- 1) the readiness to bear responsibility,
- 2) willingness to search for new solutions,
- 3) ability to forecast and measure business risk,
- 4) first-hand experience in education,

- 5) hard-working,
- 6) intuition,
- 7) conscientiousness, meticulousness, care,
- 8) creativity and innovative energy,
- 9) adaptation to changing conditions,
- 10) communicativeness.

Below, Table 1 presents choices made by the respondents in the scope discussed. For each option, the place of each characteristic in the hierarchy (created for a particular country) and the percentage of respondents who chose a particular option (in brackets) are given.

Table 1. Entrepreneurial characteristics in surveyed CEE countries, 2006-2007

Options	Hungary	Latvia	Lithuania	Poland	Russia	Ukraine
the readiness to bear responsibility	<b>3 (13,9)</b>	8 (6,9)	8 (4,2)	8 (7,4)	8 (7,9)	<b>3 (13,7)</b>
willingness to search for new solutions	6 (9,7)	6 (9,6)	4 (12,0)	<b>2 (14,8)</b>	7 (8,1)	4 (11,8)
ability to forecast, measure business risk	4 (12,7)	5 (10,7)	6 (10,1)	<b>1 (19,1)</b>	<b>2 (13,6)</b>	<b>1 (15,7)</b>
first-hand experience in education	10 (1,1)	9 (4,1)	10 (2,9)	10 (3,5)	9 (1,5)	9 (4,3)
hard-working	7 (5,5)	<b>3 (11,8)</b>	<b>3 (13,5)</b>	6 (8,3)	<b>3 (12,8)</b>	8 (5,6)
intuition	9 (3,1)	7 (8,5)	5 (11,2)	9 (4,8)	5 (12,1)	6 (9,8)
conscientiousness, accuracy, care	7 (5,5)	10 (3,7)	9 (3,0)	7 (8,0)	10 (1,1)	10 (3,4)
creativity and idea creation	<b>1 (20,2)</b>	<b>1 (20,6)</b>	<b>1 (19,5)</b>	4 (12,3)	<b>1 (20,0)</b>	7 (9,4)
adaptation to changing conditions	5 (9,8)	4 (11,0)	7 (9,4)	<b>3 (12,8)</b>	6 (10,4)	5 (10,5)
communicativeness	<b>2 (18,5)</b>	<b>2 (13,1)</b>	<b>2 (14,1)</b>	5 (9,0)	4 (12,4)	<b>1 (15,7)</b>

Source: own calculation based on the results of research

Indexes have been calculated for each group of students in average position occupied in the ranking and median of structural correlation. Three characteristics indicated below were chosen most often by the respondents, namely:

- the ability to forecast and measure business risk – the Polish and Ukrainian students placed this characteristic as 1<sup>st</sup>, and according to the Russian respondents, it occupied the 2<sup>nd</sup> position. This characteristic was less popular among students from the remaining surveyed countries (it occupied from the 4<sup>th</sup> to the 6<sup>th</sup> position),
- innovative energy and creativity (the average position in the ranking was 2.5; median of structural indexes 19.7%) occupied the 1<sup>st</sup> position according to the Hungarian, Latvian, Lithuanian and Russian students. The Ukrainian and Polish students attached lesser importance to this characteristic (the former placed it as 7<sup>th</sup>, while the latter – 4<sup>th</sup>),
- communicativeness - occupied the 1<sup>th</sup> position according to the Ukrainian students. It was also of profound importance to Hungarian, Latvian and Lithuanian students – the 2<sup>nd</sup> position in the ranking.

Taken the analysis of certain measures of central tendency into account, another characteristic to which similar importance has been attached are as follows:

- willingness to search for new solutions was particularly important to the Polish respondents – it occupied the 2<sup>nd</sup> position in the ranking,
- hard-working (median of structural indexes 10.1%). This characteristic was placed as 3<sup>rd</sup> in the ranking created on the basis of opinions expressed by the Latvian, Lithuanian and Russian students).
- adaptation to changing conditions (median of structural indexes 10.5%). The Polish students placed this characteristic high in the ranking, i.e. 3<sup>rd</sup>, when the 4<sup>th</sup> position in the ranking was occupied by the Latvian students.

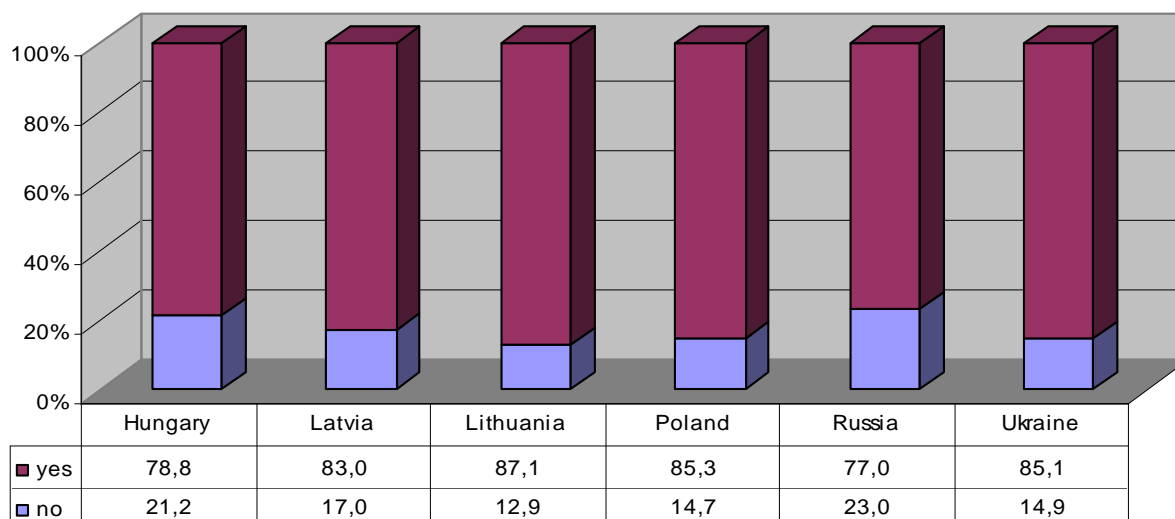
It is also worth paying attention to the fact that Ukrainian and Hungarian students believe that an enterprising person should be ready to bear responsibility (the 3<sup>rd</sup> position in the ranking) while students from other countries placed it in the 8<sup>th</sup> position.

Table 1 clearly shows that respondents attached lesser importance to the following characteristics:

- first-hand experience in education: the Hungarian, Lithuanian and Polish students rarely indicated this feature from the list of entrepreneurial characteristics,
- conscientiousness, meticulousness and care (median of structural indexes 3.5%). This characteristic was the least important according to the Latvian, Russian and Ukrainian students.

At this stage, the percentage of potential entrepreneurs was determined. Then, the question about possible business activity was analyzed. Respondents answered the following question: “If you knew how to start your own activity, would you establish an enterprise?” The largest percentage was recorded among the Lithuanian students, i.e. 87.1%, whereas the smallest one – among the Russian respondents, namely 77%. Chart 5 shows comprehensive data.





Source: own calculation

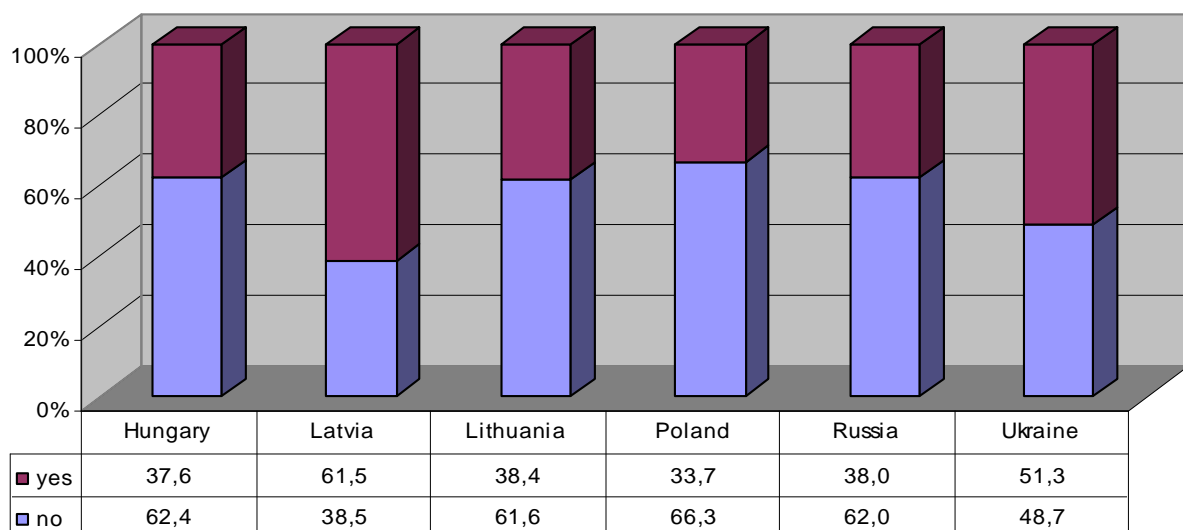
Chart 5. Results of the question “If you knew how to start your own activity, would you establish an enterprise?” in the surveyed countries, 2006-2007.

The above discussion indicates that respondents have pro-entrepreneurial potential, namely 70% of students surveyed describe themselves as having entrepreneurial characteristics. The biggest group of respondents who declared they would establish their own enterprises if they knew how to start business activity was from Lithuania.

Taking into account what the respondents declared with respect to the question discussed, two groups of respondents were distinguished, namely those who had an idea for establishing their own companies and those who did not. Each group was given a different set of specifying questions. Students from the first group were asked questions that allowed assessing the probability of putting the idea to business activity into action. Respondents were asked to state:

- whether they knew formalities connected with establishing their own companies,
- if they knew how the market functioned in the area they wanted to conduct their business.

Subsequently, they were asked if they knew what financial means they must possess in order to start such a business, and whether they had such means or not. They were inquired whether they knew how to get such capital in case they did not possess sufficient finance. With regard to students who had an idea for setting up their own companies, their knowledge of formalities connected with establishing a company was examined first. The structure of answers given by respondents is shown in Chart 6.



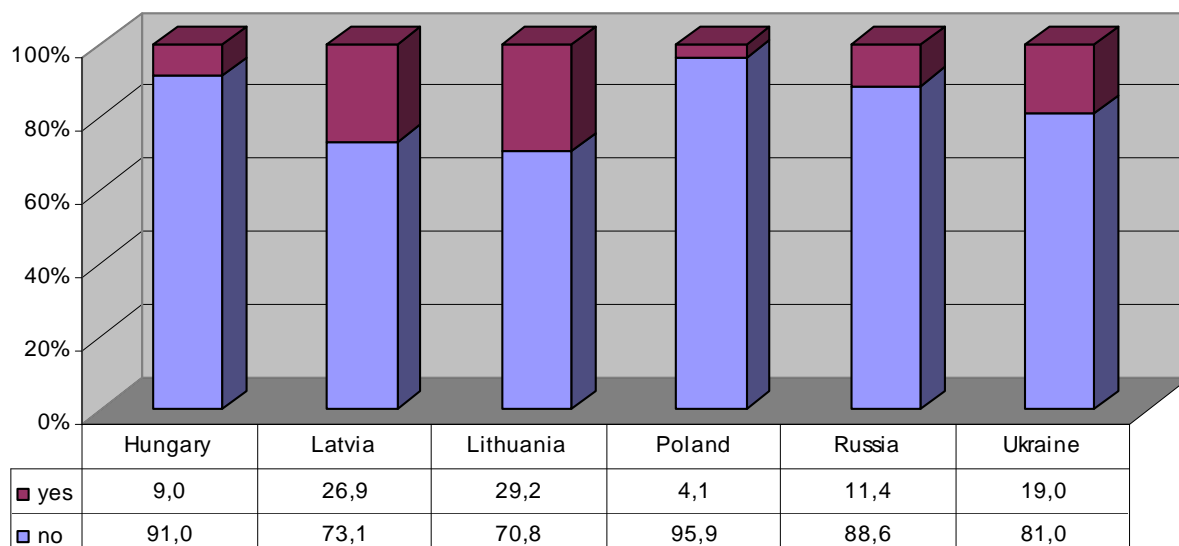
Source: own calculation.

Chart 6. Results of the question: “Do you know all essential formalities connected with the establishing of your own company?” in surveyed countries, 2006-2007

The biggest group of students who had knowledge about formalities connected with establishing their own companies was from Latvia (61.5%). The second position was

occupied by the Ukrainian students with 51.3%. The last group of respondents who didn't know formalities was from Poland 66.3%.

The following question was about financial means for setting up business.

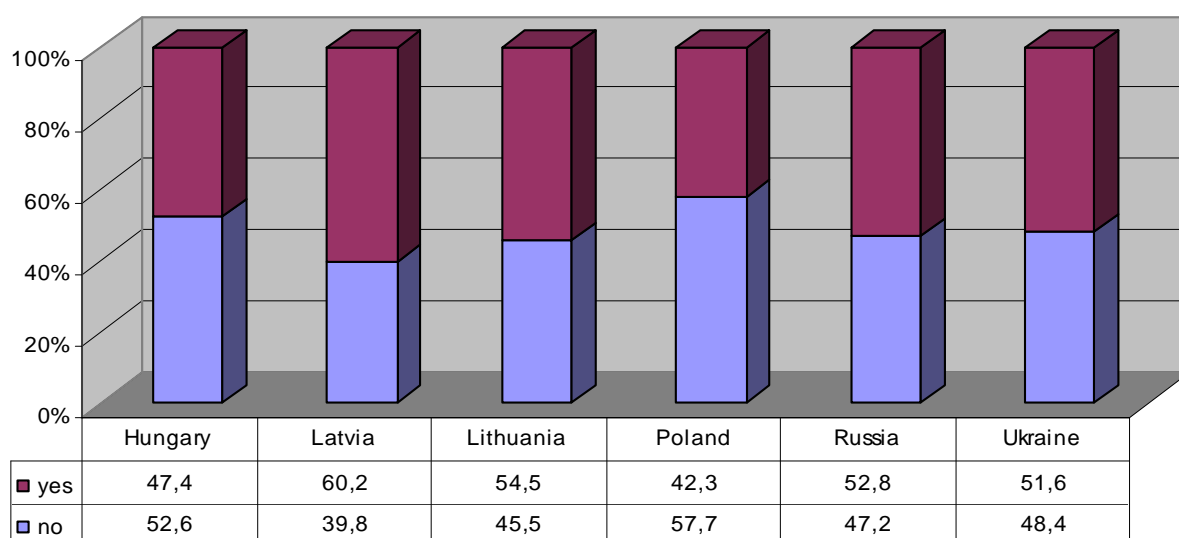


Source: own calculation.

Chart 7. Results of the question: "Do you have financial means to set up business?" in surveyed countries, 2006-2007.

Analyzing the data presented (Chart 7), it should be stated that the majority of respondents did not have such means, therefore, the biggest group was from Poland. It might easily be noted that the Lithuanian and Latvian students stood out in this scope. In these countries, there was a similar percentage of respondents who declared they possessed sufficient financial means (29.2% and 26.9% respectively). Considerable differences may be noted for the Ukrainian students (upper extreme was 19%) and the Polish respondents (lower extreme was only 4.1%).

Students were asked to answer the following question: “Do you have any idea for establishing your own company (start a business activity)?” Chart 8 shows the structure of answers received. The respondents were divided into the following groups: respondents who had an idea for establishing their own companies and those who did not.

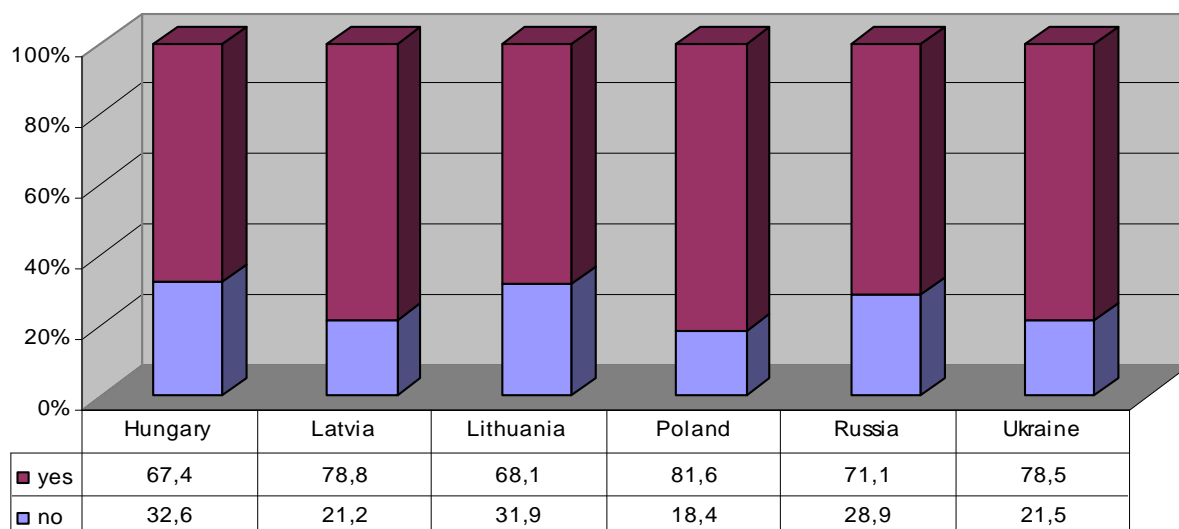


Source: own calculation.

Chart 8. Results of the question: “Do you have any idea to establish your own company (start a business activity)?” in surveyed countries, 2006-2007.

More than a half of respondents declared they had an idea for establishing their own companies, apart from the Polish and Hungarian students. The lowest percentage was reported in Poland where only 42.3% of respondents declared they had an idea for business activity. The Latvian students (60.2% of whom chose this option) were found at the other extreme.

Results of the next question are presented in Chart 9. The surveyed students were asked to state whether they knew how the market functioned in the area they wanted to conduct their business.



Source: own calculation

Chart 9. Results of the question: “Do you know how the market functions in the area you want to conduct business?” in surveyed countries, 2006-2007.

Answers - in Chart 9 - suggest that differences with respect to opinions held by the students in this scope are minimal: the biggest group of students was from Poland 81.6%; nearly the same level was indicated by the Hungarian students, namely 67.4% and Lithuanians – 68.1%.

## 5. Conclusions

The research results presented above give the possibility to have some basic conclusions.

There are two group of conclusions “positive” and “negative” that students from surveyed CEE countries have or don’t special attitude to be an entrepreneurial activity.

*The group of conclusions with “positive” aspects:*

- ♦ Students assessed themselves as entrepreneurial, they felt themselves as open for new challenges also in the business sphere.
- ♦ The most important factor is creativity and idea creation. Moreover, they indicated communicativeness and ability to forecast and measure business risk.
- ♦ Majority of the surveyed population wanted to set up their own business and they had considerable knowledge of the market they wanted to carry out business activities in.

*The group of conclusions with “negative” aspects:*

- ♦ Generally speaking, the surveyed students did not know all essential formalities needed to set up business in the country. Only Latvians and Ukrainians knew more than surveyed students of other nationalities.
- ♦ Researched groups indicated they had no money for a start up. This is the biggest obstacle for the business activity of students both during their study time and after graduation.
- ♦ Students did not have really in mind own receipt for business activity. It is fifty-fifty structure of respondents who had or not an idea what to do in the business.

The surveyed groups of students even if they assessed themselves as entrepreneurial, were not really prepared to set up their own businesses. Acquired results of the international survey suggest that a lot of factors positively influence the surveyed students in their thinking and behaving towards building their own businesses. Nevertheless, the determinants can be too weak to convince them to set up a business. The important role in the field should be allotted to universities, study programs and students' organizations. Huge assistance could flow from private companies (such as banks with the application of special programs, concerning business planning and later on business management) and also from NGOs' activities.

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